

SENATE BILL No. 171

DIGEST OF INTRODUCED BILL

Citations Affected: IC 27-8-5.7; IC 27-13-36.2.

Synopsis: Insurance payments to providers. Specifies requirements for accident and sickness insurers and health maintenance organizations related to provider claim payment by electronic funds transfer.

Effective: July 1, 2016.

Becker, Miller Patricia

January 5, 2016, read first time and referred to Committee on Insurance & Financial Institutions.



Second Regular Session 119th General Assembly (2016)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2015 Regular Session of the General Assembly.

SENATE BILL No. 171

A BILL FOR AN ACT to amend the Indiana Code concerning insurance.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 27-8-5.7-2.5 IS ADDED TO THE INDIANA
- 2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
- 3 [EFFECTIVE JULY 1, 2016]: **Sec. 2.5. As used in this chapter,**
- 4 **"electronic funds transfer" means the electronic exchange or**
- 5 **transfer of money from one (1) account to another, either within a**
- 6 **single financial institution or across multiple financial institutions,**
- 7 **through a computer based system. The term includes a virtual or**
- 8 **actual credit card or debit card transaction.**
- 9 SECTION 2. IC 27-8-5.7-12 IS ADDED TO THE INDIANA CODE
- 10 AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
- 11 1, 2016]: **Sec. 12. (a) An insurer shall not restrict the method of**
- 12 **provider claim payment to credit card payment only.**
- 13 **(b) Before an insurer may initiate provider claim payment using**
- 14 **electronic funds transfer, the insurer shall do all the following:**
- 15 **(1) Notify the provider of all fees associated with a particular**
- 16 **payment method.**
- 17 **(2) Provide clear instruction to the provider concerning the**



manner in which the provider may opt out of the particular payment method at any time.

(3) Following completion of the requirements of subdivisions (1) and (2), obtain the written permission of the provider to receive claim payment through the particular payment method.

(c) Following completion of the requirements of subsection (b), the insurer:

(1) may continue to use the particular payment method for which permission was obtained; and

(2) shall not use any other electronic funds transfer method for provider claim payment unless the insurer has completed the requirements of subsection (b) for the other electronic funds transfer method.

(d) An insurer shall not impose on a provider any of the following:

(1) Any interchange, transaction, processing, or other charge to receive a standard automated clearing house electronic funds transfer payment that exceeds the bank fee associated with automated clearing house electronic funds transfers under the federal Health Insurance Portability and Accountability Act (42 U.S.C. 201 et seq.).

(2) A financial or other penalty for:

(A) refusing to provide the written permission; or

(B) opting out of a particular payment method;

under subsection (b).

(e) A contract provision that waives a requirement of this section is void.

SECTION 3. IC 27-13-36.2-1.5 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 1.5.** As used in this chapter, "electronic funds transfer" means the electronic exchange or transfer of money from one (1) account to another, either within a single financial institution or across multiple financial institutions, through a computer based system. The term includes a virtual or actual credit card or debit card transaction.

SECTION 4. IC 27-13-36.2-10 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2016]: **Sec. 10.** (a) A health maintenance organization shall not restrict the method of provider claim payment to credit card payment only.

(b) Before a health maintenance organization may initiate



1 provider claim payment using electronic funds transfer, the health
2 maintenance organization shall do all the following:

3 (1) Notify the provider of all fees associated with a particular
4 payment method.

5 (2) Provide clear instruction to the provider concerning the
6 manner in which the provider may opt out of the particular
7 payment method at any time.

8 (3) Following completion of the requirements of subdivisions
9 (1) and (2), obtain the written permission of the provider to
10 receive claim payment through the particular payment
11 method.

12 (c) Following completion of the requirements of subsection (b),
13 a health maintenance organization:

14 (1) may continue to use the particular payment method for
15 which permission was obtained; and

16 (2) shall not use any other electronic funds transfer method
17 for provider claim payment unless the health maintenance
18 organization has completed the requirements of subsection (b)
19 for the other electronic funds transfer method.

20 (d) A health maintenance organization shall not impose on a
21 provider any of the following:

22 (1) Any interchange, transaction, processing, or other charge
23 to receive a standard automated clearing house electronic
24 funds transfer payment that exceeds the bank fee associated
25 with automated clearing house electronic funds transfers
26 under the federal Health Insurance Portability and
27 Accountability Act (42 U.S.C. 201 et seq.).

28 (2) A financial or other penalty for:

29 (A) refusing to provide the written permission; or

30 (B) opting out of a particular payment method;

31 under subsection (b).

32 (e) A contract provision that waives a requirement of this
33 section is void.

